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SOURCE Kurs Zhilishchnogo Khozyaystva (Course on the Housing Economy),
 by D. L. Broner, pp 98-102, 105-110, 189-193.

RENTS AND HOUSING EXPENDITURES IN USSR

[Comment: The following report on housing costs is taken from a
 textbook on the housing economy of the USSR by D. L. Broner.]

Rents

Several factors influence the amount of rent a tenant must pay in the Soviet Union: (1) the basic rent rate set up by the local soviet of each town for one square meter of improved living space; (2) the location of the living quarters; (3) the earnings of the tenant; and (4) the nature of the tenant and the number of dependents living with him. Tenants are divided into: (a) workers, employees and persons on an equal footing with them; (b) handicraftsmen; (c) members of the free professions; and (d) ministers of religious worship.

Actual living space and not the kitchen, corridors, baths, and pantries are taken into consideration when calculating rent. If kitchens, for example, are used for living space as well as cooking, rent is charged for them. If they are used simultaneously for living and other purposes, no rent is charged. Stoves and projecting walls are excluded from the space paid for. If a tenant uses part of his living room for other purposes, by turning it into an anteroom for example, he must still pay for it as living space.

The following consecutive steps are necessary for determining monthly rent:

1. Every local soviet establishes an average valuation for the use of one square meter of improved living space which is called the basic rent rate (Osnovaya stavka kvartirnoy platy). It cannot be lower than 30 kopeks or higher than 44 kopeks.
2. The valuation of a particular square meter of space is made by subtracting rebates and adding increases to the basic rent rate for improvements and defects. This valuation is known as the basic adjusted rate (kvartirnaya taksa), which is affected only by the quality of the space and not the nature of the tenant and the number of his dependents.

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3. Rebates are deducted and increases added to the basic adjusted rate for the tenants' earnings and the number of people living with him to determine the rent rate (stavka kvartirnoy platy).

4. The rent rate is multiplied by the number of square meters of living space occupied by a tenant to obtain the actual rent.

Increases and Rebates

All rebates and increases to the basic rent rate are divided into two groups.

1. All those connected with the location of a house and the degree of improvement of buildings and apartments as a whole belong to the first group, including:

- a. A rebate of 10 percent for distance from the center of town.
- b. For the absence of a water supply, a rebate of 10 percent. If the water supply is absent only from the living quarters, but available in the courtyard of the house, the rebate is 5 percent. The distance of the water outlet from the living quarters does not affect the size of the rebate.
- c. For the absence of a lavatory, a rebate of 10 percent; if it is located outside the apartment in the house or courtyard, a rebate of only 5 percent is allowable.
- d. A rebate of 5 percent for the absence of electric wiring.
- e. An increase of 2 percent for the presence of a bath.
- f. An increase of 3 percent for gas.
- g. An increase of 5 percent for a centralized supply of hot water.

When several parts or apartments of a house are in different stages of improvement, rebates are established for each part and apartment separately.

2. The second group of rebates are those which depend on the quality of the living quarters. For example, in an improved house separate rooms can be defective. The following rebates have been established for defects of living quarters:

Dark and half-dark rooms. Half-dark rooms are those where the natural light comes from a window on the staircase, in the hall, or in another room, as well as those darkened by a nearby wall or neighboring building.

A room is considered dark when it is completely deprived of natural light and requires constant artificial lighting.

A 50-percent reduction from the basic rent rate is allowable on a half-dark room. A 70-percent reduction is made for a dark room.

No rebate is allowable when a tenant divides a room on his own and thereby turns one part into a dark or half-dark room.

Damp places are paid for with a reduction of 20 percent. The State Sanitation Inspection must certify the presence of dampness, unless there are obvious signs of dampness on the walls, etc. An explanation for the dampness must be given. If the tenant is to blame for the dampness, no rebate is allowable.

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A rebate of 20 percent is allowable when the floor of a basement residence is lower than the level of the ground by less than 53 centimeters; if the floor is lower than the ground level by more than 53 centimeters, then a rebate of 50 percent is allowable.

A rebate of 5 percent is allowable on rooms with ceilings lower than 2.5 meters. The height of rooms with vaulted ceilings is determined by measuring the highest and lowest point of the ceiling, adding the results and dividing the sum by two.

A rebate of 5 percent is allowable for every floor above the fourth (not counting the basement), when there are no elevators. The house management has to grant a rebate for any month during which an elevator is not in order, or works less than 15 days.

For garret rooms with partially inclined and partially horizontal ceilings, a rebate of 15 percent is allowable if the horizontal part is at least 50 percent.

A reduction of 30 percent is allowable on rooms which are used by others tenants to reach the street or other places of general use. "Other tenants" are those who pay their rent on another account, or who live with one who does.

All the percentage rebates and increases to the basic rent rate of the first group are added up and the sum converted from percentage to absolute figures. The latter are then subtracted or added to the basic rent rate. Percentage rebates of the second group are not added up, but converted into absolute figures one after the other on the basis of the figure left after each deduction, and then deducted consecutively.

Rebates which belong to both groups are made by subtracting from the basic rent rate the added rebates for the absence of improvements, and deducting rebates for the defectiveness of separate rooms consecutively from the remainder.

Whereas all preceding rebates are deducted from the basic rent rate, the following is deducted from the total rent for the room: a rebate of 25 percent is allowable for the presence of a permanent stove or hot plate in the room when there is no kitchen. No rebates are allowable for tenants who prepare their food in their living quarters on oil stoves, primus stoves, or electric plates in the absence of a general kitchen.

The basic adjusted rate cannot be lower than 5.5 kopeks for one square meter a month. If, after the deduction of the rebates, the basic adjusted rate is lower than 5.5 kopeks, it is established at that level.

Actual Rent for Workers and Employees

Rebates are deducted from the basic adjusted rate for persons equal to workers and employees with an income under 145 rubles a month; (persons receiving relief or alimony could have such an income.)

The extent of the rebate depends on the monthly income of the payee and the number of dependents.

To establish the rent rate for a tenant with an income of up to 145 rubles the following table, in which the rent rate is expressed in percentage of the basic adjusted rate, must be used.

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Income per Month (in rubles)		Number of Dependents*		
From	To	0	1	2
31	40	50	45	40
41	50	60	55	50
51	60	75	70	65
61	70	90	80	75
71	80	100	90	85
81	90	100	100	90
91	100	100	100	100
101	110	100	100	100
111	124	100	100	100
125	144	100	100	100

*The table does not include rent rates for persons with an income of up to 145 rubles a month having more than two dependents, since it has no practical significance.

The minimum rent rate of 5.5 kopeks for one square meter is used for calculating the rent of the family of an enlisted man in the absence of any other income for the family.

The rent rates appear simultaneously with the basic adjusted rate of a normal living room.

If a tenant lives in an unimproved building or a defective room, the rates must be deducted from the basic rent rate reached with the aid of this table.

For workers and employees receiving more than 145 rubles a month, increases are added to the basic adjusted rate in the amount of 3.3 kopeks for one square meter for each complete 10 rubles of monthly earnings in excess of 145 rubles. However, the rent rate from a worker or employee cannot be more than one ruble 32 kopeks.

With a high income, the rent can be one ruble 32 kopeks even in a defective room since the increases to basic adjusted rate of 3.3 kopeks for each full 10 rubles of earnings beyond 145 rubles are made independent of the quality of the place.

For simplifying the calculation of rent per person with an income beyond 145 rubles, the use of the following scale of increases is recommended.

Income (rubles)	Extent of Increases to Basic Adjusted Rate for One sq m (kopeks)	Income (rubles)	Extent of Increases to Basic Adjusted Rate for One sq m (kopeks)
145-154	--	285-294	46.2
155-164	3.3	295-304	49.5
165-174	6.6	305-314	52.8
175-184	9.9	315-324	56.1
185-194	13.2	325-334	59.4
195-204	16.5	335-344	62.7
205-214	19.8	345-354	66.0
215-224	23.1	355-364	69.3
225-234	26.4	365-374	72.6
235-244	29.7	375-384	75.9

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<u>Income (rubles)</u>	<u>Extent of Increases to Basic Adjusted Rate for One sq m (kopeks)</u>	<u>Income (rubles)</u>	<u>Extent of Increases to Basic Adjusted rate for One sq m (kopeks)</u>
245-254	33.0	385-394	79.2
255-264	36.3	395-404	82.5
265-274	39.6	405-414	85.8
275-284	42.9	415-424	89.1

Rebates for Dependents

Rent rebates have been established for workers and employees receiving more than 145 rubles a month: for four dependents, 5 percent; for five dependents, 10 percent; for six and more dependents, 15 percent. Dependents with independent earnings, or with an income of more than 30 rubles a month are not included in arriving at rebates.

When several persons in a family have independent incomes, the income yielding the highest rent rate is used as a basis for calculating the rent.

The earnings which are used for calculating rent are those which are made during the regular working day and not during over time, or night work.

Persons equal to workers and employees in establishing rent include: military personnel, militia, scientific research workers, workers, artists, lawyers, pensioners, those on social security, students, members of disabled industrial cooperative unions, and members of industrial cooperative artels.

Calculating the rent for persons of these categories has its peculiarities. For military personnel of noncommissioned and commissioned ranks of the Soviet Army, of the border and internal security of the Ministry of Internal Affairs USSR, and also for commanding officers of the Ministry of State Security and Internal Affairs (and Worker-Peasant Militia MVD USSR) who have received special honors, special advantageous rates of rent have been established, as shown in the following table:

<u>Rate of Pay a Month in Rubles</u>	<u>Rent Rate for One sq m in Kopeks</u>	<u>Rate of Pay a Month in Rubles</u>	<u>Rent Rate for One sq m in Kopeks</u>
to 300	30	651-700	70
301-350	35	701-750	75
351-400	40	751 and higher	80
401-450	45		
451-500	50		
501-550	55		
551-600	60		
601-650	65		

Regular army enlisted men and noncommissioned officers serving voluntarily beyond the required period and receiving up to 220 rubles a month pay rent to the extent of 15 kopeks for one square meter, but if they receive more than 220 rubles a month they pay 25 kopeks for one square meter.

No rebates are deducted from the favorable rates for military personnel. If a soldier lives in an unimproved place and the rent rate calculated on the same basis as for workers and employees is lower than the favorable rate, then the rent for such a place must be figured according to the lower rate. During wartime, military personnel and their families have additional advantages.

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Personal pensioners pay rent on the basis of 50 percent of the rate set up for workers and employees. In calculating rent, earnings and personal pension are both taken into account. A 50-percent rebate is also allowable for the payment of surplus living space occupied by a pensioner. In case there is someone in the family of the personal pensioner whose income exceeds the earnings of the pensioner, the rent is calculated on the basis of the highest income but with the obligatory 50 percent rebate.

Heroes of Labor, who have no other source of income beside a pension, pay rent according to rates set up for workers and employees but on the basis of 50 percent of the pension received by them. If a member of the family of a Hero of Labor living with him earns more than the latter, the rent is calculated on the basis of his earnings.

Graduate students and students on stipends profit by a 25 percent rebate on the rent if the stipend is the basic source of their income. Students on stipends, who also receive wages, pay rent on the basis of their total earnings without any special rebate.

The extent of the rent rate for handicraftsmen and members of the free professions depends on their income. If the income of a handicraftsman or member of the free professions does not exceed the untaxable minimum, the rent rate for them is equal to 44 kopeks for one square meter of space. A law of 4 April 1940 set up the following untaxable minimum: for handicraftsmen belonging to cooperatives, 1,800 rubles a year; for handicraftsmen not belonging to cooperatives and members of the free professions, 600 rubles a year.

For each 200 rubles of taxable income beyond the indicated minimum 5.5 kopeks are added to the rent rate until the highest limit is reached. Maximum rent rate for handicraftsmen is one ruble 10 kopeks, and for members of the free professions one ruble 98 kopeks.

The law has not set up any rebate for the defectiveness of a place or the absence of improvement for handicraftsmen.

Housing Expenditures

In the housing economy, amortization deductions are made from earnings for operations. If these deductions were made to reproduce fixed assets completely, the amount of rent would be greater. To avoid burdening the budget of the workers unduly, the government ordered that 95 percent of the rental payment for nondwelling places be put into capital repair of dwelling houses, that is into the amortization fund for buildings. (A 1928 decree foresaw that rent alone for the average space occupied by a family must not exceed 10 percent of the budget of workers and employees).

Under socialist conditions, rent only creates the possibility of the simple reproduction of housing resources.

In time, every building and its equipment wear out and its value is correspondingly lowered. Amortization compensates for the natural wear and tear of a building and the reduction of its value.

Amortization deductions are made according to the wear of fixed assets. They are placed in a special fund which serves for the reproduction of the fixed assets in their original form before the wear. However, it is never a question of the simultaneous degeneration of all the elements of the fixed assets; for example, the roof of the house wears out faster than its walls and foundations. This raises the necessity for the partial reproduction of property through capital repair. Expenses for the latter are taken from the resources designated for the simple reproduction of property, that is from the account of the amortization funds.

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According to a 1938 decree amortization includes: (a) accumulations necessary for the full replacement of worn-out fixed assets, and (b) means necessary for partial reproduction, that is capital repair.

The financial-economic basis of the housing economy must not only furnish the operating expenses for the maintenance of the house and the normal services for those living in it. It must not only give the opportunity for the regular current repair of houses, but also provide for the opportunity to conduct capital repair at defined intervals and to furnish the simple reproduction of fixed assets.

Amortization calculations in the housing economy are figured according to the following yearly norms established by the Ministry of Municipal Economy RSFSR: for stone structures, one percent of their replacement cost; for mixed, 1.5 percent; and for wooden structures, 2 percent.

Part of these deductions, made from the earnings of housing administrations, appear together with the deductions put into the city fund of capital repair from the rent as a source for financing the capital repair of houses.

Unfortunately, in recent years the actual deductions put into the amortization resources from the rent into the housing economy have tended to become less. The number of housing administrations operating at a deficit is still significant, and in separate housing administrations the deficit is so great, as compared with the income, that without outside financial aid all these houses could not function normally.

Different reasons exist in different houses for the deficits. For example, the cleaning area affects the expenses for a house. This is characteristic for all housing administrations uniting many small homesteads (domovladieniye) extending over a large territory where the cleaning area exceeds the living space four to five times. As a result, expenses for the maintenance of janitors increase.

But it is incorrect to assume that only houses with large cleaning areas operate at a loss. If one turns to multistory houses in the center of town where the living space is not less, but many times greater than the cleaning area, the small expense for janitors is replaced by expenses for the maintenance of elevator operators, locksmiths, gas workers, and other workers whose presence is called for by the improvement of the house. The general reason for the deficit is inadequate income for the growing expenditures of housing administrations.

However, an analysis of the accounts of housing administrations operating at a deficit demonstrates that housing administrations uniting small houses have a large deficit.

Table 1 indicated that in large houses, the income for one square meter of space is one ruble 23 kopeks, and the expenditures one ruble 26 kopeks; for housing administrations uniting small houses, the income is only 95 kopeks for one square meter of space and the expenses one ruble 31 kopeks.

In housing administrations uniting small homesteads, up to 50 percent of all expenditures go into maintenance of administrative management and service personnel; at the same time in large housing administrations, expenses for these are 28.8 percent of the total.

The careful analysis of the budget of a great number of housing administrations gives the basis for formulating the following law: the average norms of expenses per unit of space for the maintenance of administrative and service personnel of housing administrations is inversely proportional to the size of the homesteads which are under a housing administration.

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Rent in the USSR is strictly standardized and the sums paid by workers for their quarters do not always even cover the operating expense.

The financial base of the housing economy must respond to the following demands:

1. Furnish the operating expenses for the maintenance of houses and expenses for the normal servicing of those living in them.
2. Provide the possibility for conducting regularly current repair of houses and at defined intervals (capital repair).

The following two tables show the earnings and expenditures for Moscow housing administrations uniting multistory and small houses (Table 1), and the percentage of unproductive expenses for units of space (Table 2).

[See table on following page.]

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Table 1. Comparative Table of Earnings and Expenditures for Housing Administrations of Moscow
Uniting Multistory and Small Houses

							Income	
	No of Housing Admin	No of Homesteads	No of Bldg	Sq M of Living Space	Sq M of Nonliving Space	Total (1,000 rubles)	Rubles per Sq M of space a Mo	
Large houses								
Arbat'skoye	2	4	11	14,383	443	174.4	0.98	
Gor'kovskoye	5	7	16	32,304	919	420.5	1.05	
Kuybyshevskoye	10	12	41	66,662	5,290	1,001.4	1.16	
Krasnogvardevskoye	6	13	31	34,495	4,268	664.5	1.48	
Baumanskoye	3	4	22	23,297	5,836	505.8	1.47	
Total	26	40	121	171,141	16,256	2,766.6	1.23	
Small houses								
Leningradskoye	6	156	175	15,626	2,101	177.1	0.85	
Dubrovskoye	7	163	287	30,185	6,684	496.1	1.12	
Proletarskoye	6	159	230	20,878	4,956	258.9	0.87	
Dobryninskoye	5	63	118	20,465	3,116	298.5	1.05	

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Expenditures							
Maintenance							
Total (1,000 rubles)	Rubles per Sq M of Space a Mo	Admin	Service Personnel	Houses	Current Repair	Deductions for Amorti- zation Fund	
190.7	1.07	22.0	20.1	16.3	36.5	--	
447.1	1.12	20.0	21.7	19.5	39.7	--	
1,001.1	1.16	18.8	12.5	16.8	43.4	2.7	
668.4	1.44	19.1	18.1	22.6	50.5	--	
526.7	1.53	15.2	23.1	22.2	52.8	--	
2,834.0	1.26	18.8	17.5	19.3	45.1	1.0	
285.1	1.34	30.9	26.4	18.8	40.7	--	
588.4	1.33	22.1	41.3	12.1	36.2	--	
399.1	1.29	23.4	32.3	13.8	45.8	--	
424.8	1.50	23.5	51.3	19.0	39.6	--	

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Timiryazevskoye	11	206	311	32,936	1,599	345.4	0.83
Baumanskoye	2	16	52	7,522	211	96.2	1.04
Cherkizovo- Bogorodskoye	6	134	236	16,005	498	163.2	0.82
Total	43	897	1,409	143,616	19,165	1,846.0	0.95

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488.5	1.18	31.7	40.3	16.3	41.3	--
133.7	1.44	27.3	19.5	18.9	48.6	--
234.4	1.18	32.6	26.3	12.5	38.7	--
2,554.0	1.31	29.7	33.1	15.4	40.6	--

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Table 2

Percentage of Unproductive Expenses for Units of Space

<u>Homesteads</u> (sq m)	<u>Administrative-Management Expenses and Expenses for Service Personnel</u> (percent)
100-120	62.5
200	50.0
3000	38.5
4500-5000	29.0

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